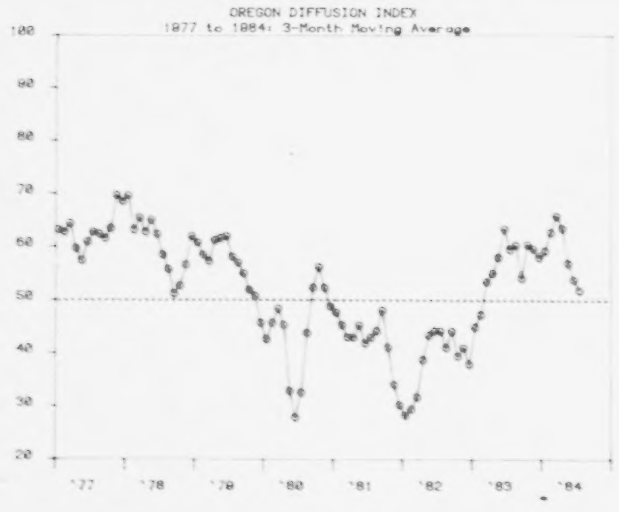


between February and April, this .4 percentage point dip and a jump of equal degree are totally out of character. But Oregon's seasonally adjusted rate has been climbing gradually since early this year, and it is at a fairly high level now. This indicates that while the rest of the nation is posting economic gains, Oregon's economy is not recovering nearly as quickly and still suffers from high interest rates and increasing competition from other parts of the U.S. and Canada in the lumber and wood products industry. If Oregon's recovery is to strengthen, and the state's economy is to fully recover from the last recession, some strong surges are needed very soon, or we'll enter our normal winter slowdown with very little momentum. Unfortunately two of Oregon's chief economic indicators, the Oregon Diffusion Index and the Wage and Salary Employment Index, aren't holding out much hope at this time. These indicators continued to fall between June and July, with the diffusion index going from 53.9 to 51.9 and the employment index from 105.5 to 105.0. The high point so far this year for the diffusion index was 65.9 in March while the employment index was at a high of 106.0 during February, March, and April.

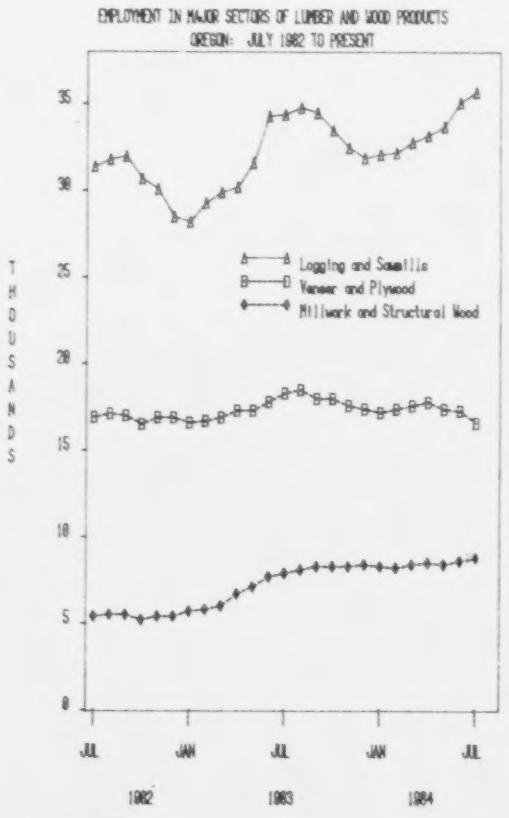
A look at the nonagricultural wage and salary employment totals suggests a slightly negative or neutral picture on a June to July basis. Though employment decreased by 23,700, such a decline is normal at this time of year because of school closures. When compared to July of 1983, the overall improvement becomes evident with an increase in wage and salary employment of 17,800.

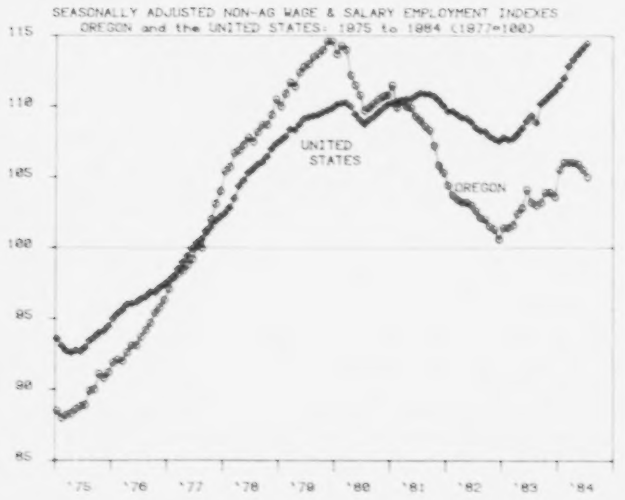
Durable goods manufacturing exhibited increases both on a monthly and an annual basis. Lumber and wood products followed this trend, but veneer and plywood showed substantial declines; both monthly (-700) and annually (-1,700). This put veneer and plywood employment at its lowest July level in 25 years. July's employment compares favorably only to the low employment levels found in the winter of 1981-82. Soft market prices and rising inventories have caused this industry to experience substantial declines in employment.

At the opposite end of the spectrum from veneer and plywood is millwork and structural wood products. While this sector posted only modest employment gains and has only half the employment of veneer and plywood, this sector of lumber and wood is interesting because it has been growing steadily for a year, and, at 8,800, is at its highest employment level ever. After speaking to several people who work in the millwork industry, four basic reasons for this pleasant situation became apparent. (1) Oregon's millwork companies serve a national market. (2) Millwork products are used not only in the new residential construction market, but also in new commercial construction, remodeling, and in recreational vehicles and mobile homes. (3) As of yet, millwork is not facing the same level of national and international competition that other segments of Oregon's lumber and wood products industry are confronting. (4) Currently, there are few substitutes for these products.

Logging and sawmills showed gains over June, 1984 and July, 1983, but their employment levels, while still rising, are quite low by historical standards.

Transportation equipment showed the largest monthly gain (+800) within Durable Goods Manufacturing. This was due mainly to increased activity in ship building and repair. A 1,900 increase over July, 1983 reflected Oregon's recovery. This improvement also reached truck manufacturing, travel trailer and camper top production as well as ship building and repair.





Electrical equipment and supplies rose to 12,700, an increase of 2,300 over July of last year. This is a continuation of the growth that began in early 1983 and has continued to produce the highest level of employment on record for this industry.

The only Durable Goods manufacturing industry besides veneer and plywood which showed a drop in employment between 1983 and 1984 was furniture and fixtures.

In Nondurable Goods manufacturing there was very little overall change, either monthly or annually. Food and kindred products showed a small gain of 600 employes between June and July, but this is well below the increase expected at this time of year in this highly seasonal industry. The canning and preserving sector of food and kindred products had a very low level of employment due to cool, wet weather early in the growing season which delayed the harvest. Also, a poor season in fishing depressed seafood processing employment. This combination kept employment in canning and preserving 2,000 below last year's level.

Total nonmanufacturing employment showed a very large drop between June and July (-25,300). This is a normal occurrence at this time of year, with schools closing for summer vacation. However, sectors of state and local government outside of education also displayed year to year declines. This is due to effort to trim government budgets and costs.

In a reflection of increased consumer confidence, trade posted an annual increase of 5,100, most of this in retail. On a June to July basis, retail trade had a slight decline (-900), all in other retail trade items such as apparel, building material supplies, and furniture. Even eating and drinking places registered a slight decline between June and July. But this isn't uncommon for this industry since it normally flattens out or shows a slight decline in July as the food services that supply school cafeterias lose that outlet for the summer. Then it goes on to peak in September. Employment in eating and drinking places is up over comparable months in 1983. This is due to increased travel within Oregon this year by both residents and out of state visitors.

In keeping with this year's increased tourism, hotels and other lodging places increased employment over last year.

Even though all sectors of services reflected the improved economy by displaying an increase over last year in employment, only hotels and personal services had a June to July increase. Both health services and other services shared in slight monthly drops in employment. These are fairly predictable industries, where slight declines in employment in summer months are to be expected.

Summary: Oregon's economy is very definitely in better shape than last year, but a steadily rising seasonally adjusted unemployment rate, and declining economic indicators against a national backdrop of rising interest rates are causes for concern.□

1984	U.S. Seasonally Adjusted Unemployment Rate	Oregon Seasonally Adjusted Unemployment Rate	Oregon Diffusion Index	Oregon W&S Empl. Index
Jan.	7.9	9.8	60.5	105.5
Feb.	7.7	8.8	62.8	106.0
Mar.	7.7	8.8	65.9	106.0
Apr.	7.7	9.1	63.6	106.0
May	7.4	9.1	57.0	105.9
Jun	7.0	9.3	53.9	105.5
July	7.4	9.3	51.9	105.0

NEW PUBLICATION – OCCUPATIONAL WAGE REPORT

The 1983 Oregon Wage Information Publication is now available. The occupational wage data are compiled from various wage studies done in Oregon. Over 330 common occupations are listed including 1982 employment, the sources of data for that occupation, and various wage parameters (low, high, quartiles, and an average). The number of parameters shown varies by occupation according to the representativeness of the data sources.

Your copy of this report may be ordered from:

Employment Division - R&S
875 Union NE
Salem OR 97311
503/373-1816

HOURS AND EARNINGS

Mike Staten

Production worker weekly earnings for June remained relatively unchanged from May in Total Manufacturing. While average hourly earnings gained 11¢ over the month, a .4 hour loss in average weekly hours resulted in an increase of only 9¢ in average weekly earnings.

The drop in June's average workweek occurred in both the Durable and Nondurable Goods sectors; however, the loss in Durable Goods was less severe. The driving force behind the drop in Durable Goods came in Logging & Sawmills as well as Veneer & Plywood, where rising interest rates and declining housing starts created excess inventories for many producers. The result was a decline in the average workweek.

In Nondurable Goods, hours were down in all areas except Textiles. The most significant decline came in Canning & Preserving (-3.3) which suffered substantially from the unseasonably wet and cold Spring. Weather conditions postponed harvests and delayed processing at most canneries. The entire processing cycle has been delayed about one month.

Average hourly earnings for Manufacturing posted an 11¢ gain in June, chiefly in response to a 20 percent increase in premium pay hours in anticipation of annual vacation and maintenance closures for Logging & Sawmills. Most other areas of Durable Goods registered gains in average hourly earnings as well. In Nondurable Goods, average hourly earnings in Other Food Products fell sharply, primarily due to decreased overtime hours.

The average workweek in Construction jumped 1.8 hours in June, as Heavy Construction began taking advantage of federal road funds and favorable weather conditions. This translated into an average workweek that was 2.4 hours longer than in June, 1983 and was also the longest June workweek in Construction since 1979. Average hourly earnings, however, were $.54 less than in June, 1983 because of the large increase in the number of construction workers at the lower end of the pay scale.□

AVERAGE HOURS AND EARNINGS OF OREGON INDUSTRIAL PRODUCTION WORKERS 1/

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	June 2/ 1984	May 3/ 1984	June 1983	June 2/ 1984	May 3/ 1984	June 1983	June 2/ 1984	May 3/ 1984	June 1983
TOTAL MANUFACTURING 4/	$411.56	$411.47	$403.37	38.9	39.3	39.2	$10.58	$10.47	$10.29
Durable Goods	427.05	424.26	421.60	39.8	40.1	40.0	10.73	10.58	10.54
Lumber & Wood Products	447.42	436.80	438.46	39.7	40.0	40.3	11.27	10.92	10.88
Logging & Sawmills	478.39	470.15	465.66	39.7	40.6	39.8	12.05	11.58	11.70
Veneer & Plywood	447.20	444.72	443.06	40.0	40.8	41.1	11.18	10.90	10.78
Millwork & Struct Wood	347.60	312.80	332.90	39.1	36.8	40.4	8.89	8.50	8.24
Mobile Homes	289.22	295.14	321.77	35.1	34.6	41.2	8.24	8.53	7.81
Other Wood Products	459.79	447.70	424.11	41.2	40.7	40.2	11.16	11.00	10.55
Furniture & Fixtures	296.38	262.15	292.59	36.5	33.1	37.9	8.12	7.92	7.72
Primary Metals	506.78	498.10	512.12	43.5	42.5	41.3	11.65	11.72	12.40
Fabricated Metals	383.34	376.35	387.65	38.8	39.0	39.8	9.88	9.65	9.74
Machinery	416.56	414.12	399.11	40.6	40.8	38.9	10.26	10.15	10.26
Nondurable Goods	363.89	375.82	355.05	36.1	37.1	37.1	10.08	10.13	9.57
Food & Kindred Products	283.25	313.29	290.24	33.6	35.4	35.7	8.43	8.85	8.13
Canning & Preserving	246.71	261.21	231.88	30.8	34.1	34.1	8.01	7.66	6.80
Other Food Products	347.27	389.04	402.48	38.5	37.3	38.7	9.02	10.43	10.40
Textile Mill Products	224.79	227.93	219.41	38.1	37.8	37.0	5.90	6.03	5.93
Apparel	209.63	211.86	203.31	37.5	37.9	37.1	5.59	5.59	5.48
Paper & Allied Products	562.88	564.71	565.32	40.7	41.1	42.0	13.83	13.74	13.46
Printing & Publishing	396.98	399.08	368.76	34.4	35.6	33.8	11.54	11.21	10.91
Construction 4/	508.20	476.42	490.96	35.0	33.2	32.6	14.52	14.35	15.06
Communications & Utilities 5/	480.79	482.40	469.66	40.2	40.1	39.6	11.96	12.03	11.86
Trade 5/	289.85	287.30	283.85	34.1	34.0	34.7	8.50	8.45	8.18
Wholesale Trade	382.65	381.48	380.14	36.9	37.4	37.9	10.37	10.20	10.03
Retail Trade	245.25	241.28	237.71	32.7	32.3	33.2	7.50	7.47	7.16
Banking & Insurance	269.51	269.25	264.61						
State & Local Government	317.73	315.39	303.69						

1/ Figures are average gross hours and earnings of full and part-time worked or paid for, including overtime and shift premium pay. Prepared in cooperation with the U.S. Department of Labor. All data are based on the 1972 Standard Industrial Classification (SIC) codes.
2/ Preliminary
3/ Revised
4/ Data for production workers only and exclude administrative, supervisory (above working foremen), technical, sales and office personnel.
5/ Data for nonsupervisory employes only, excluding proprietors and executive personnel. Data for retail trade excludes eating and drinking places.

AN EXPLANATION OF UNEMPLOYMENT RATES

Gary Barker

I. BASIC LABOR FORCE CONCEPTS

A. How rates are developed. Unemployment rates are derived by dividing an estimate of the number of unemployed people by an estimate of the number in the total labor force. The total labor force is the sum of employed and unemployed persons, aged 16 and over.

B. The survey week. Since individuals can change their labor force status (employed, unemployed, or out of the labor force) over time, unemployment estimates are confined to a "typical" or survey week. The survey week is the week that includes the 12th of the month.

C. Who to count as employed. A person age 16 and over working for any portion of the survey week is considered to be employed. Individuals with more than one job are counted as employed only once. A person working in one labor market and living in another is counted at his place of residence. Labor disputants are considered to be employed in the resident labor force series.

D. Who to count as unemployed. People counted as unemployed had no job at all during the survey week, were available for work and looking for a job.

II. PRIMARY DATA SOURCES

A. National data.

The U.S. unemployment rate is developed from data collected by a survey of about 60,000 individual households. The survey permits estimates of unemployment by sex, race, age, full or part-time status, marital status, occupation, industry, duration and veteran status.

B. Oregon data.

1. Unemployment. In lieu of an expensive household survey, unemployment estimates are developed primarily on claimant data from Oregon's unemployment insurance program. These data are supplemented by estimates of persons who either were not eligible for, or did not choose to seek unemployment benefits or have exhausted their unemployment insurance benefits.

2. Employment. Current monthly employment estimates are obtained via a sample of about 4,000 employer reports submitted each month by selected Oregon firms. Much of the credit for Oregon's history of accurate employment estimates (the latest annual update showed an overall change of less than one half of one percent) is due to the promptness and accuracy of those Oregon firms participating in the monthly reporting programs.

III. KINDS OF UNEMPLOYMENT RATES

A. Percent of the Labor Force

This "raw", or "unadjusted unemployment rate", is simply the total number of unemployed divided by the total labor force, expressed in percentage form.

B. Seasonally Adjusted

Seasonal adjustment removes the predictable, re-occurring fluctuations in the data resulting from such events as changes in the weather, school opening and closure, the holiday season, etc. This makes each of the monthly rates comparable to an annual average basis, and therefore with other months.

IV. QUESTIONS AND ANSWERS ABOUT UNEMPLOYMENT RATES

Q. Should the rate of unemployment be higher because not everyone goes to the Employment Office?

A. No. Estimates include all persons who are actively looking for work, regardless of whether they qualify for or are claiming unemployment benefits.

Q. U.S. rates are published by age, sex, and race each month. Why can't I get the same thing for Oregon?

A. The expense of a household survey, large enough to estimate these rates each month for Oregon, is prohibitive. The Census did estimate unemployment by sex and race in 1980. Monthly data on the characteristics of individuals collecting unemployment insurance benefits are available on a statewide basis, however.

Q. When are the monthly unemployment estimates available?

A. Normally, the statewide unemployment and employment estimates are released around the 10th-12th of the month. Estimates for the various counties are available approximately 7 days after the state data are released.□

THE EMPLOYERS CORNER – FUTURE OF THE EMPLOYMENT SERVICE

Dorothy Monnier

Twenty Job Service Employer Committees (JSECs) advise and critique the performance of the local employment office serving their area. In cooperation with your local JSEC, each issue of the Oregon Labor Trends features an article of special interest to employers.

This issue and next month's issue will deal with important facts and rumors concerning the future of the Employment Division - specifically, the Employment Service. At this writing, there are rumors that the current Federal administration is working toward devolvement of the United States Employment Service (USES). As employers, you need to decide if there is a role for a national program of some kind. If so, what is that role? We are at a crossroad on the future of the Employment Service. We need your input now more than ever.

We are taking steps to insure full discussion. The first Region X JSEC meeting, hosted by Oregon, will be held October 17-19, 1984 at the Jantzen Beach Red Lion Inn, Portland. JSEC's from Alaska, Idaho, Washington and Oregon will attend. JSEC's will identify and recommend alternatives for funding the Employment Service. Anyone interested in attending portions, or all, of this Regional Meeting can contact your local Employment Office Manager for further details.

THE FACTS ARE: The Employment Service funding for Fiscal Year 1985 proposed by the current Administration and accepted by the Senate contains zero dollar increase in spending. This will result in a loss of staff once inflation is considered.

The House proposed a 3 percent increase. This will not cover the predicted 5 percent inflationary increase.

THE RUMORS ARE: The Administration will continue with its program to phase out the United States Employment Service. This means the states will pick up the operation if they want to. John Cogan, an official with the Office of Management and Budget, hopes to present a zero budget for the Employment Service in Fiscal Year 1986.

Further, once the Employment Service is eliminated, the UI system will be the next to "devolve" to the states. None of this mentions employers tax dollars. One guess is that the employers' taxes that finance the system (FUTA) will be kept in Washington to help balance the federal deficit.

THE REASON: The Federal deficit is cited as the reason to get out of the Employment Security business.

Two years ago, we were concerned with the level of USES base staff nationwide. Budget Cuts reduced the USES staff from 30,000 to the current nationwide level of 22,800.

While we agreed with the initial cuts, additional cuts are "into the bone". During the month of July 1984, we had 266 ES staff. These 266 people took 14,569 job orders and placed 12,368 job applicants.

The next Employer's Corner will continue talking about "The Future of the Employment Service". REMEMBER: employers pay for this service. Become involved by participating in the local and state level JSEC meetings. Contact your local employment office manager for further details.□

OREGON LABOR TRENDS

The Oregon Labor Trends is published monthly by the Research and Statistics Section of the Oregon Employment Division, Raymond P. Thorne, Administrator.

Send comments, questions, and address changes ATTN: R&S-LMI or Phone (503) 378-8657 or toll free 1-800-237-3710 ext. 8-8657.

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OREGON LABOR TRENDS

STATE OF OREGON • EMPLOYMENT DIVISION • DEPARTMENT OF HUMAN RESOURCES

Prepared by Research and Statistics Section

SEPTEMBER 1984

AUGUST INDICATORS

UNEMPLOYMENT RATE

	S.A.
Oregon	
Aug. '84	8.8
July '84	9.3
Aug. '83	10.7
U.S.	
Aug. '84	7.5
July '84	7.5
Aug. '83	9.5

WAGE AND SALARY EMPLOYMENT INDEX

Oregon

Aug. 1984:	106.0
July 1984:	105.7
June 1984:	105.5
May 1984:	105.9
Apr. 1984:	106.0

DIFFUSION INDEX

Oregon

Aug. 1984:	57.0
July 1984:	51.9
June 1984:	53.9
May 1984:	57.0
Apr. 1984:	63.6

PRODUCTION WORKER AVERAGE WEEKLY HOURS

Oregon

July 1984:	38.7
June 1984:	38.8
July 1983:	38.5

CONSUMER PRICE INDEX (CPI)

1967=100

ALL URBAN CONSUMERS

Portland SMSA	
July 1984	300.9
Yearly Change	+ 3.2%
U.S.	
Aug. 1984	313.0
Yearly Change	+ 4.2%
Portland Hotline	221-4132

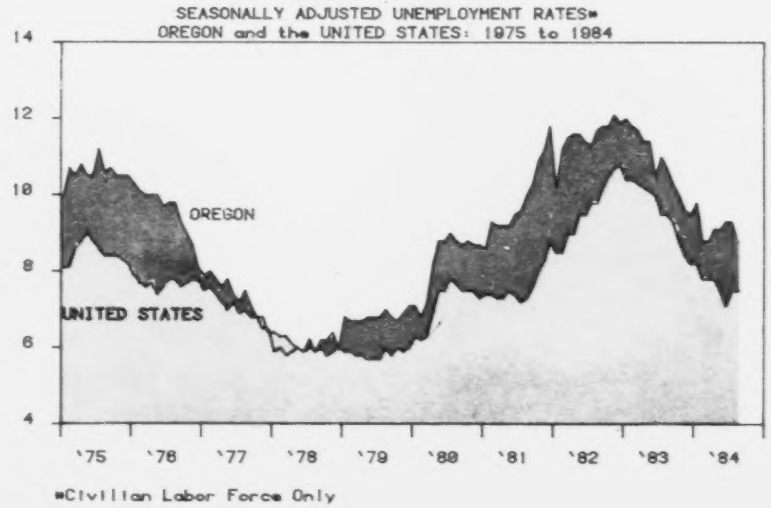
MONTHLY ECONOMIC ANALYSIS

Jeff Hannum

For most of this year the rate of economic expansion has been much stronger nationally than in Oregon. While key economic indicators continued to improve for the nation almost every month, Oregon has been unable to even hold on to the strong gains made early this year. August brought a change in that pattern, at least temporarily.

While the nation's seasonally adjusted unemployment rate remained stuck at 7.5% in August, all three of Oregon's key labor market indicators improved. The first of these, the state's unemployment rate, fell by one-half point after seasonal adjustment to 8.8% during August. This was one of the lowest jobless rates in three and a half years, matched only by the the 8.8% mark reached in February and March of this year. Between March and July, Oregon's unemployment rate had been inching upward paralleling the trend in interest rates. The August drop represents the first turnaround in a stairstep pattern of jobless rate increases. Oregon's count of unemployed persons also showed significant improvement in August, dropping by 11,800 to 106,600 - the lowest level since October, 1980.

Another key Oregon economic barometer that rose in August was the nonfarm wage and salary employment index. This seasonally



RESIDENT OREGON LABOR FORCE

	Aug. 1984 1/	July 1984 2/	Change	% Change	Aug. 1983 5/
Civilian Labor Force 3/	1,331,000	1,339,600	- 8,600	- 0.6	1,347,700
Unemployment	106,600	118,400	-11,800	-10.0	128,600
Percent of Labor Force	8.0	8.8	xxx	xxx	9.5
Seasonally Adjusted Percent	8.8	9.3	xxx	xxx	10.7
Total Employment 4/	1,224,400	1,221,200	3,200	0.3	1,219,100

1/ Preliminary. 2/ Revised. 3/ Includes employed and unemployed individuals 16 years and older. Data are adjusted for multiple job-holding and commuting. 4/ Includes nonagricultural wage and salary, self-employed, unpaid family workers, domestics, farm workers, and labor disputants. 5/ Due to revised estimating procedures between December 1983 and January 1984, data for 1984 and that of previous years are not strictly comparable.

NONAGRICULTURAL WAGE & SALARY EMPLOYMENT
(By Place of Work)

INDUSTRY	Aug. 1984 1/	July 1984 2/	Aug. 1983	Change From July 1984	Change From Aug. 1983
TOTAL 3/	995,700	986,700	965,400	9,000	30,300
Wage & Salary Employment Index 4/	106.0	105.7	103.0	xxx	xxx
Diffusion Index 5/	57.0	51.9	60.4	xxx	xxx
Total Manufacturing	207,800	199,900	197,000	7,900	10,800
Durable Goods	147,700	145,700	138,400	2,000	9,300
Lumber & Wood Products	67,000	66,200	66,700	800	300
Logging & Sawmills	35,700	35,100	34,800	600	900
Veneer & Plywood	16,500	16,600	18,300	- 100	- 1,800
Millwork & Structural Wood	8,800	8,700	8,100	100	700
Mobile Homes	1,900	1,800	1,700	100	200
Other Wood Products	4,100	4,000	3,800	100	300
Furniture & Fixtures	2,100	2,100	2,500	0	- 400
Stone, Clay, Glass, & Concrete	3,500	3,400	3,300	100	200
Primary Metals	8,700	9,000	7,800	- 300	900
Blast Furnaces, Iron & Steel	5,100	5,000	4,100	100	1,000
Nonferrous Metals	3,600	4,000	3,700	- 400	- 100
Fabricated Metals	10,300	10,100	9,700	200	600
Fabricated Structural Metals	4,900	4,600	4,400	300	500
Other Fabricated Metals	5,400	5,500	5,300	- 100	100
Machinery	16,300	16,200	15,000	100	1,300
Electrical Equipment & Supplies	13,200	12,700	10,700	500	2,500
Transportation Equipment	9,400	9,000	6,100	400	3,300
Instruments & Related Products	14,600	14,400	14,200	200	400
Miscellaneous Manufacturing	2,600	2,600	2,400	0	200
Nondurable Goods	60,100	54,200	58,600	5,900	1,500
Food & Kindred Products	29,600	23,400	28,900	6,200	700
Canning & Preserving	19,000	12,900	19,000	6,100	0
Other Food Products	10,600	10,500	9,900	100	700
Textile Mill Products	1,800	1,700	1,600	100	200
Apparel	2,700	2,600	2,400	100	300
Paper & Allied Products	9,100	9,700	9,500	- 600	- 400
Printing & Publishing	10,900	10,900	10,400	0	500
Chemicals & Allied Products	2,200	2,200	2,200	0	0
Petroleum Refining	600	500	500	100	100
Rubber & Plastic Products	2,700	2,700	2,600	0	100
Leather Products	500	500	500	0	0

NONAGRICULTURAL WAGE & SALARY EMPLOYMENT
(By Place of Work)

INDUSTRY	Aug. 1984	July 1984	Aug. 1983	Change From July 1984	Change From Aug. 1983
(cont.)					
Total Nonmanufacturing	787,900	786,800	768,400	1,100	19,500
Mining & Quarrying	2,300	2,300	1,900	0	400
Construction	31,500	30,300	29,900	1,200	1,600
Transportation, Communications, & Utilities	55,500	55,800	50,700	- 300	4,800
Transportation	32,900	33,200	32,400	- 300	500
Railroad	5,300	5,400	5,300	- 100	0
Trucking & Warehousing	17,400	17,600	17,500	- 200	- 100
Other Transportation	10,200	10,200	9,600	0	600
Communications	14,100	14,100	9,700	0	4,400
Utilities	8,500	8,500	8,600	0	- 100
Trade	253,900	252,200	247,600	1,700	6,300
Wholesale Trade	64,600	64,300	62,900	300	1,700
Durable Goods	37,900	37,600	36,900	300	1,000
Nondurable Goods	26,700	26,700	26,000	0	700
Retail Trade	189,300	187,900	184,700	1,400	4,600
General Merchandise	24,700	24,700	23,800	0	900
Food Stores	28,500	28,300	28,600	200	- 100
Auto Dealers & Service Stations	24,100	23,900	23,000	200	1,100
Other Retail Trade	112,000	111,000	109,300	1,000	2,700
Finance, Insurance, & Real Estate	67,200	67,100	66,100	100	1,100
Banking & Credit Agencies	23,700	23,500	23,600	200	100
Other Finance, Insurance, & Real Estate	43,500	43,600	42,500	- 100	1,000
Services	201,100	201,300	195,800	- 200	5,300
Hotels & Personal Services	25,200	25,000	23,800	200	1,400
Health Services	68,800	68,700	67,800	100	1,000
Other Services	107,100	107,600	104,200	- 500	2,900
Government	176,400	177,800	176,400	-1,400	0
Federal Government	30,300	30,300	30,300	0	0
State Government	48,700	49,000	49,500	- 300	- 800
Education	17,600	17,900	17,400	- 300	200
Other State	31,100	31,100	32,100	0	- 1,000
Local Government	97,400	98,500	96,600	-1,100	800
Education	55,400	55,900	52,800	- 500	2,600
Other Local	42,000	42,600	43,800	- 600	- 1,800
Labor-Management Disputes	700	200	6,900	500	- 6,200

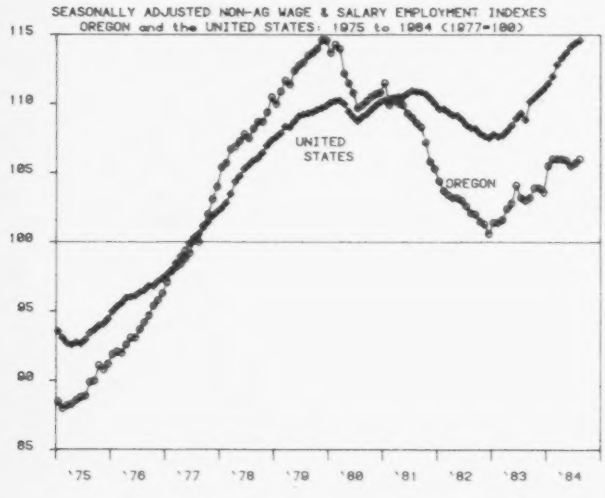
1/ Preliminary

2/ Revised

3/ Includes full and part-time nonfarm wage and salary workers in pay periods including the 12th of the month. Proprietors, self-employed, private household workers and armed forces excluded. NOTE: Estimated in cooperation with the U.S. Bureau of Labor Statistics and Employment and Training Administration. All data are based on the 1972 Standard Industrial Classification (SIC) codes as amended by the 1977 supplement.

4/ Total nonagricultural wage and salary employment, seasonally adjusted, and indexed to 1977. Data on the earlier index (1972 = 100) can be converted to the 1977 base period by multiplying by a factor of .8264, the ratio between 1972's annual average employment (774,300) and that of 1977 (936,900).

5/ The diffusion index is the percentage of a selected group of 43 industries showing an increase in seasonally adjusted employment. Half of those industries showing no significant change (less than 1/2 of 1%) are counted as increasing.



adjusted index, which is one of the best overall measures of current economic activity in the state, posted a gain of 0.3 to 106.0 in August. The increase would have been even greater had it not been for an upward revision of July's index to 105.7 from the 105.0 reported last month. The accompanying graph, however, shows that even with the recent modest improvements, the overall wage and salary employment trend since February has been generally flat, meaning that Oregon's economic recovery has been on "pause" since early this year. The state's economy has been generating barely enough jobs to keep up with normal seasonal demands. It has not been strong enough to generate many new jobs, or even recoup some of those lost in the last recession. The nation's economy, in contrast, has been soaring to new heights in 1984, although the torrid pace has begun to slow recently.

The Oregon diffusion index was the third major indicator to advance in August. After reaching a peak of 65.9 in March, this leading indicator declined for several months. Last month's rise from 51.9 in July to 57.0 in August may not be the forerunner of a new upward trend, but it was encouraging nevertheless. The diffusion index represents the percentage of a selected group of 43 "bellwether" industries that have an increase in seasonally adjusted employment.

Both total employment and nonfarm wage and salary employment advanced in August, despite a large drop of about 12,000 in seasonal farm jobs. Manufacturing industries led the way, accounting for 7,900 of the 9,000 increase in nonfarm employment. The volatile canning and preserving sector added the lion's share of these new jobs (+6,100), as delayed crop harvests this summer pushed more food processing activity into the mid-August survey period than normal. As a result, food and kindred products employment, after seasonal adjustment, jumped by 2,300.

In spite of mill closures and some layoffs in August, the lumber and wood products industry posted a normal seasonal increase of 800 jobs last month, mostly in the logging sector. Although lumber and plywood prices improved during August, the market remained soft for many items. Citing weak market prices, one major producer recently announced plans to close a number of Western Oregon mills until demand and prices strengthened. Employment in lumber and wood products is currently only 300 higher than a year ago, held down mostly by the 1,800 job decline in veneer and plywood.

One of the best employment track records so far this year has been earned by the other durable goods manufacturing industries, excluding lumber and wood. August was no exception to the trend, as this group of business equipment and capital goods-oriented industries added 1,200 more jobs, 700 more than seasonally expected. Significant job gains came in the "high tech" industries including electrical equipment (+500) and instruments (+200), as well as transportation equipment (+400) and fabricated structural metals (+300). Additional ship repair contracts and increased construction activity spurred new hiring in the two latter industries.

Future prospects for Oregon's "high tech" sector also received a boost recently with the announcement that Fujitsn Ltd., a major Japanese computer company, will build two new electronics plants in the Portland area. Construction of the plants, which are expected to employ 1,000 people by 1987, is scheduled to begin in 1985. Total investment by Fujitsn will be about $170 million dollars. Oregon's recent decision to repeal the unitary tax formula, which uses a multi-national corporation's worldwide profits as a base on which to compute the state income tax, was a factor in the company's decision to locate in Oregon. Repeal of the unitary tax in Oregon takes effect in January, 1986.

Job declines in manufacturing during August were hard to find and limited mostly to the paper and aluminum industries. Reasons for the cutbacks were quite different, however. The paper industry, which faces strong market demand and prices, was hit by two labor disputes. Layoffs in the aluminum industry, on the other hand, were related more to the weak competitive position of the northwest aluminum industry. Due to high production costs, particularly for electricity, aluminum companies in the northwest are among the first to curtail production when market demand softens. In recognition of this fact the BPA offered to reduce the cost of electricity to the companies by 18% beginning in September. Whether this will be enough to restore the jobs lost in August and prevent further layoffs remains to be seen.

The employment trend in nonmanufacturing generally followed the normal seasonal pattern, rising by 1,100 in August. Most of the hiring activity came in construction (+1,200) and eating and drinking places (+700). Residential building continued to lag, and was the only construction sector with lower employment in August. Job gains were greatest in the specialty trades and in heavy construction. On a seasonally adjusted basis construction employment rose by 800, which was one of the strongest performances of any industry in August.

Strong gains in eating and drinking places reflect the rising number of both in-state and out-of-state recreation travelers this summer, as well as the continuing trend toward individuals and families eating more meals away from home.

The weakest employment trend in August came in government, which declined by 1,400 jobs. Normally, this sector experiences no change in the overall job level between July and August. This year's drop reflected layoffs in public education, the winding down of summer youth programs by local governments, and the continuing budget problems in some government jurisdictions.

In summary, August brought a welcome change from the pattern of recent months. All three of Oregon's key labor market indicators moved in a positive direction, with unemployment slipping to a four year low. Oregon's economic recovery, however, still has a long way to go by any measure.□

EMPLOYERS CORNER – A PROPOSAL FOR SAVING THE EMPLOYMENT SERVICE AND EMPLOYER MONEY

Ray Thorne, Administrator

Our last article discussed rumors that the Employment Service (E.S.) was slated for elimination through a process that the Office of Management and Budget (OMB) calls "devolvement". Our interpretation of this proposal did not include one very important fact that was gathered in response to the article. Through an interview with John Cogan, a Budget Officer with the O.M.B., it was determined that this proposal would not only abolish the E.S., but would also stop collection of those taxes that are currently used to fund the system. It would then become a state option to set in place a state responsive E.S. financed through either the general fund or a new employer tax.

This proposal closely resembles the original "New Federalism" concept proposed by Oregon called the FUTA II Proposal. In essence, this would eliminate the collection of the Federal Unemployment Tax Act (F.U.T.A.) revenues for pass through by the United States Department of Labor (USDOL). Instead, individual states would tax employers at a rate necessary to administer the Unemployment Insurance (U.I.) and Employment Service (E.S.) activities determined by the Governor and the State Legislature. States would then remit to the Federal government only those dollars needed to maintain the necessary Federal presence. This proposal would eliminate duplicative systems and overhead costs inherent in any program which has a number of agencies handling and then passing money on for program operations. This would also reduce the need for costly Federal oversight and intervention. When added to dollar savings made through the reduction of duplication, a system could be developed that would be productive in serving Oregonians while reducing the cost to employers.

This proposal has been widely circulated to the USDOL, the O.M.B. and to Congressional Representatives. As of this date, only congressional consideration has been given. The executive branch agencies have avoided comment. The proposal has caught the interest of additional states, and a number of modified plans have been generated. Regardless of the difference among these proposals, the basic thread of reduced costs, less Federal presence and an experience-based trust fund runs throughout. We believe that had such a program been in place since 1979, the almost $13 billion debt that the program now carries would not have developed. It is also apparent that if the program were implemented today, this debt would be retired more rapidly than under the current system and without the service degradation that we are experiencing today.

Because of the significant debt borne by the system and the continued fiscal gyrations that have occurred in the USDOL budget, Congress will hold hearings to determine what action, if any, should be taken to modify existing programs and taxation methods. These hearings will be held in the coming year and will have an impact on the future of both the E.S. and U.I. programs.

The concern we continue to have with the proposed devolution of the E.S. is that, historically, the USDOL has cut programs without reducing taxes. This experience leaves us with the suspicion that the funding for E.S. would be cut without a comensurate tax reduction. This approach also has to be viewed as only providing to the states "half a loaf" without demonstrated savings or services for Oregonians. Regardless of the outcome of this debate, the need for a strong placement function continues to be part of the formula necessary to return Oregon to full economic health.□

HOURS AND EARNINGS

Mike Staten

Very little overall change was noted in manufacturing hourly earnings and weekly hours between June and July. However, within specific industries there were some changes worthy of mention. In the durable goods sector, with vacation closures and layoffs in the veneer and plywood as well as millwork and structural wood industries, 1,400 fewer production workers were working in July. The average workweek in durable goods also declined.

A gain of $.50 in average hourly earnings for nondurable goods between July 1983 and July 1984 was chiefly the outcome of a large increase in paper and allied products overtime hours due to stepped-up production this year.

The item of most importance in the nonmanufacturing sector was the continued gain in construction activity, especially street and road repair.

On the whole, between 1982 and 1984, average weekly hours for the manufacturing industries in Oregon each month have been greater than the same month in the previous year. The single exception was June 1984 when the workweek dropped to its lowest June level of the past three years due to lower than normal food processing activity. Steady increases during the course of each year were noted in 1982 and 1983, but 1984 has been showing a downward trend for most of the year. The obvious question is whether the direction in 1984 has been a "fluke", or a harbinger of things to come. The next few months should provide the answer. □

AVERAGE HOURS AND EARNINGS OF OREGON INDUSTRIAL PRODUCTION WORKERS 1/

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	July 2/ 1984	June 3/ 1984	July 1983	July 2/ 1984	June 3/ 1984	July 1983	July 2/ 1984	June 3/ 1984	July 1983
TOTAL MANUFACTURING4/	$411.77	$411.67	$400.40	38.7	38.8	38.5	$10.64	$10.61	$10.40
Durable Goods	425.13	425.58	418.94	39.4	39.7	39.3	10.79	10.72	10.66
Lumber & Wood Products	435.09	446.29	426.80	38.3	39.6	38.8	11.36	11.27	11.00
Logging & Sawmills	472.75	474.38	461.78	39.2	39.4	39.3	12.06	12.04	11.75
Veneer & Plywood	420.28	450.64	423.77	38.0	40.2	38.7	11.06	11.21	10.95
Millwork & Struct Wood	315.32	347.21	304.41	34.2	39.1	36.5	9.22	8.88	8.34
Mobile Homes	297.48	289.22	282.66	37.0	35.1	36.1	8.04	8.24	7.83
Other Wood Products	454.66	455.67	430.67	40.2	41.2	40.1	11.31	11.06	10.74
Furniture & Fixtures	304.44	296.38	292.37	35.4	36.5	36.5	8.60	8.12	8.01
Primary Metals	508.78	507.21	515.02	43.3	43.5	41.5	11.75	11.66	12.41
Fabricated Metals	394.62	383.90	399.78	39.7	38.7	40.3	9.94	9.92	9.92
Machinery	418.14	415.74	401.41	40.4	40.6	39.2	10.35	10.24	10.24
Nondurable Goods	375.64	372.44	352.35	36.9	36.3	36.4	10.18	10.26	9.68
Food & Kindred Products	309.27	304.72	286.88	36.6	34.2	34.9	8.45	8.91	8.22
Canning & Preserving	251.34	241.80	224.02	35.6	31.2	32.8	7.06	7.75	6.83
Other Food Products	397.66	399.38	407.40	38.2	38.7	38.8	10.41	10.32	10.50
Textile Mill Products	191.86	222.09	198.11	32.3	37.9	37.1	5.94	5.86	5.34
Apparel	150.62	210.19	185.24	28.1	37.4	35.9	5.36	5.62	5.16
Paper & Allied Products	581.26	562.88	541.31	41.4	40.7	40.7	14.04	13.83	13.30
Printing & Publishing	410.21	396.29	378.42	34.5	34.4	34.0	11.89	11.52	11.13
Construction4/	527.87	507.04	502.83	37.2	34.8	33.3	14.19	14.57	15.10
Communications & Utilities5/	479.60	485.20	460.88	40.1	40.4	38.6	11.96	12.01	11.94
Trade5/	299.81	293.42	288.08	34.7	34.0	34.5	8.64	8.63	8.35
Wholesale Trade	404.77	391.72	384.16	37.9	37.2	37.7	10.68	10.53	10.19
Retail Trade	247.92	245.27	241.49	33.1	32.4	32.9	7.49	7.57	7.34
Banking & Insurance	272.70	266.33	270.91						
State & Local Government	344.27	317.44	337.14						

1/ Figures are average gross hours and earnings of full and part-time worked or paid for, including overtime and shift premium pay. Prepared in cooperation with the U.S. Department of Labor. All data are based on the 1972 Standard Industrial Classification (SIC) codes.
2/ Preliminary
3/ Revised
4/ Data for production workers only and exclude administrative, supervisory (above working foremen), technical, sales and office personnel.
5/ Data for nonsupervisory employes only, excluding proprietors and executive personnel. Data for retail trade excludes eating and drinking places.

EASTERN OREGON ECONOMY LAGS

William Street

(Editor's Note: Mr. Street is the Employment Division's Labor Market Economist for Eastern Oregon stationed in LaGrande.)

For many, Oregon is a place where people joke about residents who fall off their bicycles and drown. Where, on the one day of the year lacking any cloud cover, coastal residents are rumored to build giant bonfires and sacrifice opossums to the deity of their choice to ensure that the great orange ball of fire in the sky will not return for another year. One problem with this "trees, ocean breeze, and mud up to your knees" image, held by many residents as well as tourists, is that it accounts for less than half of the state's geographic land mass. In fact, Clackamas, Multnomah, Washington, Marion, and Lane Counties could all fit comfortably into Harney County and still leave in excess of 2,000 square miles for the City of Burns, the Frenchglen Hotel, and all the sheepherders.

This popular but misleading image would simply be an advantage that Eastern Oregonians have when playing valley residents in Trivial Pursuit, were it not for the tremendous economic problems facing the Eastern Oregon region. Unemployment rates for March and June, 1984, reflect a portion of the economic difficulties facing Oregonians who live east of the Cascades. The counties with the five highest unemployment rates in March were all located in Eastern Oregon. The situation in June was only slightly better. Most counties in the region also do not fare very well in terms of other economic indicators. Seven of the 10 counties with the lowest median family incomes in 1983, for example, are also located in Eastern Oregon.

Unemployment Rates

County	March 1984	State Rank	June 1984	State Rank
Baker	18.2%	3	13.1%	4
Grant	21.6	2	10.5	12 (tie)
Harney	17.2	4 (tie)	9.8	16
Malheur	14.0	12	9.6	18
Morrow	10.2	24	11.1	8
Umatilla	11.5	19	13.5	2 (tie)
Union	14.8	10 (tie)	10.5	12 (tie)
Wallowa	21.9	1	13.5	2 (tie)
Wheeler	16.7	5	7.4	26
Gilliam	7.3	27	4.7	28

The severity of the region's economic hardship is not widely recognized by many Oregonians. Less than 6.2% of the state's population reside in this vast geographic area. The sparseness of the population and the considerable geographic distances combine to create a hostile economic climate rivaled only by the weather. In a national economy dominated by the benefits of a complex urban financial system where the key to success is the rapid movement of goods and services from firm to firm, the geographic isolation of Eastern Oregon gives an economic meaning to the geographic concept of "desert".

Yet, despite these barriers, or possibly because of them, life does exist east of Bend. The 10 counties of Eastern Oregon managed to prosper through much of the 1970s. During the past decade, Morrow, Umatilla, Malheur, and to some extent Union Counties grew at a pace comparable with the remainder of the state. The availability of water and timber resources played an important role in this development.

During the 1970s, the construction of massive irrigation systems enabled row crops to expand into areas which had formerly only produced dryland wheat. Following the development of row crops came food processing factories. In several counties, the construction of large food processing facilities created thousands of new jobs. A growing national and international market added stability to the local job market. Also during this decade, the consolidation of timber companies and the stability of supply provided by federal timberland management policies provided the region with relatively stable forest products employment. But the price of this stability was an increase in vulnerability which arises when a few large employers dominate the local economy.

The 1980s have seen the region suffer as has the state. The decrease in housing starts and an increase in short-term cash management strategies by larger, more diversified forest products firms have left numerous closed mills throughout the region. Agriculture has also experienced difficult problems. The increase in the costs of electricity and transportation has limited the amount of raw produce available and encouraged food processors to build new factories closer to markets in the eastern U.S. The high value of the dollar overseas, an increase in international competition, and an unpredictable national farm policy have also hurt those local economies dependent on agriculture.

The 1980's have also been a period of reductions for numerous government programs. These reductions have undermined the remaining major contributor of payroll in the region. Federal program cuts, along with recession-induced staff reductions at both the state and local levels, have lowered employment and payroll in this important economic sector.

A rare combination of events has simultaneously and adversely affected the forest products, agricultural, and governmental sectors. Between the peak of the 1979 business cycle and the "recovery" in 1983, Eastern Oregon lost 2,040 forest products jobs, 800 agricultural jobs, and 350 governmental jobs. The lumber and agricultural industries lost a greater percentage of their employment base in the region (-38% and -7%) than they did statewide (-24%, and -4%). Only the governmental sector fared better in the east. In the region government lost 3% of its employment base, while it lost 4% statewide.

The consequences of these lost jobs have been felt more widely in Eastern Oregon since rural communities in general are less able to absorb payroll losses than are the more developed urban economies of the Willamette Valley. Payroll declines in basic industries are particularly damaging for rural areas since smaller communities are dependent on a few large employers. The greater distances between communities in Eastern Oregon also make commuting to other labor market areas a less viable alternative.

Another alternative, which is often suggested by nonresidents of the region, is to move. To do so, however, would mean selling a home in a depressed housing market for less than the mortgage, and leaving behind generations of personal history and family support networks. This also assumes that relevant job opportunities are abundant in the state's metropolitan areas and that somehow the newcomers will be able to get these jobs. The reality is that the urban areas have their own problems, including unemployment and displaced workers. Moving displaced Eastern Oregonians into the state's major metropolitan areas would only add to the problems facing municipal governments...not to mention the frustration and loss of self esteem experienced by rural job seekers as they attempt to find gainful employment in the cities.

Unfortunately, in a time of tight cash management, rapid capital mobility, multinational corporations and conglomerates, having a sense of place does act to limit individuals from exercising this most commonly recommended coping strategy, (i.e. moving). Fewer people here, given the magnitude of the region's economic problems, have elected to vote with their feet than elsewhere in Oregon. Rather, most have decided to "tough it out", believing that, as in the past, better times always follow the hard times. Given current national economic trends, however, it is conceivable that many of the losses experienced by Eastern Oregon communities will not be regained, at least in the foreseeable future.

One question seldom asked is, should residents of any community be forced to move in order to survive? One thing, however, does seem clear. The region will suffer longer if residents of the state are not made aware of the magnitude of the economic problems facing the eastern region and its people. The 1980-1982 recession and the failure of a strong recovery to materialize demonstrates that the economic problems of Eastern Oregon are not magically going to disappear.□

EMPLOYERS' TAX REPORTS TO BE PROCESSED BY OPTICAL CHARACTER READER

Beginning March 1985, employer tax reports will be processed and read by an Optical Character Reader (OCR). The OCR is highly sensitive automated equipment that will "read" and enter data into the accounting system. The OCR process ensures the accuracy of the Employment Division's accounting system, and reduces the cost of administering the Unemployment Insurance Program financed by the employer community.

California successfully uses an OCR for employer tax reports. In addition, the Oregon Employment Division is using the OCR for unemployment insurance claimant reports. Nick Guarriello, Tax Manager, states that "The tax reporting forms have been redesigned in order to make them readable by the OCR. A test will be initiated sometime in November to ensure that the forms will work smoothly with the OCR. A cross section of employers will be asked to assist by completing sample reports for the Employment Division to use for testing purposes only."

The Employment Division will be sending detailed instructions to all registered employers with the 1985 tax report forms.□

OREGON LABOR TRENDS

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Send comments, questions, and address changes ATTN: R&S-LMI or Phone (503) 378-8657 or toll free 1-800-237-3710 ext. 8-8657.

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